



# STRAIGHT HAIL CONTRACT OF INSURANCE

2024



# TABLE OF CONTENTS – STRAIGHT HAIL CONTRACT OF INSURANCE

<b>ARTICLE 1. DEFINITIONS</b>	<b>3</b>
<b>ARTICLE 2. SPECIFICATIONS</b>	<b>6</b>
2.01 Insurance Amount and Coverage	7
2.02 Liability if More than One Person is the Insured	7
<b>ARTICLE 3. EFFECTIVE DATE AND REQUIREMENTS/CONDITIONS OF INSURANCE</b>	<b>7</b>
3.01 Term of Insurance	7
3.02 Eligibility for Insurance	7
3.03 Auto-Elect	8
<b>ARTICLE 4. PREMIUM, DEDUCTIBLES, AND CANCELLATION</b>	<b>8</b>
4.01 Premium	8
4.02 Deductibles	9
4.03 Cancellation and Premium Refund	10
<b>ARTICLE 5. INDEMNITIES</b>	<b>11</b>
5.01 Insured Losses	11
5.02 Calculation of Indemnity and Harvesting Allowance	11
5.03 Special Limitations to Indemnity Payable	11
5.04 Assignment of Indemnity	12
<b>ARTICLE 6. EXCLUSIONS AND LIMITATIONS</b>	<b>12</b>
6.01 Loss Exclusions	12
6.02 Limitations Due to Other Insurance Being Available	12
6.03 General Limitations of Liability, Representations and Warranties	13
<b>ARTICLE 7. CLAIMS</b>	<b>13</b>
7.01 Claim Deadlines and Notice of Loss	13
7.02 Inspection Procedures	13
7.03 Inspection Strips	13
7.04 Statement of Loss and Inspection	14
7.05 Inspection Fees	14
7.06 Re-Inspection	14
7.07 Duties of the Insured After a Loss	14
7.08 Duties of AFSC After a Loss	15
7.09 Subrogation Rights in Case of Loss by Fire	15
<b>ARTICLE 8. APPEALS</b>	<b>15</b>
8.01 Appeals	15
<b>ARTICLE 9. MISREPRESENTATION OR MISCONDUCT</b>	<b>16</b>
9.01 Misrepresentation or Misconduct	16
<b>ARTICLE 10. INTEREST AND LIENS</b>	<b>16</b>
10.01 Interest	16
10.02 Liens	16
<b>ARTICLE 11. RECORDS AND ACCESS</b>	<b>17</b>
11.01 Records Generally	17
11.02 Access	17
<b>ARTICLE 12. GENERAL PROVISIONS</b>	<b>18</b>
12.01 Service of Documents	18
12.02 Indebtedness to AFSC	18
12.03 Waiver or Alteration	18
12.04 Changes to the Contract of Insurance	18
12.05 Suits and Waiver	19
12.06 Conformity to Legislation	19
12.07 Death of the Insured	19

## STRAIGHT HAIL CONTRACT OF INSURANCE

Agriculture Financial Services Corporation (“AFSC”) has the authority under the *Agriculture Financial Services Act* (“Act”) to provide insurance to the Insured against specified losses suffered from the Designated Perils of Hail, accidental fire, and fire caused by lightning. Pursuant to this Contract, and in consideration of the payment of Premium and of the statements contained in the Application, AFSC will indemnify the Insured for damage caused by a Designated Peril to an Insured Crop.

### ARTICLE 1. DEFINITIONS

“**Application**” means the application made by the Insured or an individual who is authorized to sign on behalf of the Insured, for the insurance provided for by this Contract, and which may be done via the Straight Hail Insurance Application form or, for the AgrilInsurance Auto-Elect option, the Confirmation of Insurance form.

“**Auto-Elect**” means the option for AgrilInsurance clients to attach the insurance provided for under this Contract to insured AgrilInsurance crops.

“**Cocktail Crops**” means an Insurable Crop that:

- a. is comprised of a minimum of three different crop types;
- b. the Primary Crop is an Insurable Crop under this Contract, excluding Intercrop;
- c. the Primary Crop is 35 percent or more of the Cocktail Crop’s total plant stand; and
- d. no single crop type, that is not an Insurable Crop, composes more than 20 percent of the Cocktail Crop’s total plant stand.

“**Contract**” means the Contract of Insurance which is comprised of the Application signed by the Insured and accepted by AFSC and this document.

“**Coverage**” means the amount of dollars per acre of an Insured Crop that AFSC accepts to insure as confirmed by the Statement of Coverage and Premium.

“**Designated Peril**” means a designated risk or hazard against which an Insured seeks to protect itself when purchasing a policy of insurance. For this Contract, the Designated Perils are limited to the following:

- a. Spot-Loss Hail;
- b. accidental fire; and
- c. fire caused by lightning.

“**Direct Loss**” means the damage to the Insured Crop inflicted by a Designated Peril.



**“Hail”** means a round jagged piece of ice consisting of concentric layers and compacted larger than 5 mm (0.2 inches), and it specifically excludes sleet, snow and frozen rain.

**“Harvest”** and **“Harvesting”** means the act or process of gathering in a crop.

**“Harvested”** means the completion of Harvesting.

**“Indemnity”** means the compensation AFSC pays to the Insured for a loss caused by a Designated Peril pursuant to this Contract.

**“Inspection Report”** means the report that contains the inspection details from which the loss assessment will be determined.

**“Inspection Strips”** means representative standing strips or swaths of the Insured Crop in such measurements as required by AFSC to determine the crop’s production potential.

**“Insurable Crop”** means agricultural crops grown or produced in the Province of Alberta that are listed in the Insurance Table and eligible to be insured under this Contract.

**“Insurance Exception Committee”** means the internal AFSC committee comprised of AFSC staff who, among other things, examine requests for exceptions to AFSC’s established policies or procedures as they concern AFSC’s insurance related products.

**“Insurance Table”** means the synopsis of Insurable Crops, maximum Coverage per acre and applicable Premium rates set out in ARTICLE 2 of this Contract.

**“Insured”** means a person named on the Application that has been accepted by AFSC for the purposes of providing Straight Hail Insurance under this Contract and to whom any Policy issued under this Contract applies. .

**“Insured Crop”** means an Insurable Crop that the Insured has completed an Application for that AFSC accepts for insurance as confirmed by a Statement of Coverage and Premium.

**“Insured’s Records”** means all seeded acreage records and all records of farm income and farm expenses of the Insured.

**“Intercrop”** means two annual seeded crops planted together with the intent to harvest both crops in the fall. There are three intercropping categories based on the mixture of the crop types grown: Intercrop – Cereal; Intercrop – Pulse; and Intercrop - Oilseed.

**“Market Garden Crops”** means a horticulture enterprise that comprises of crop(s) that are:

- a. typically grown together in a vegetable garden;
- b. typically sold directly to consumers at farmers’ markets or at the farm gate;
- c. the size of such garden being at least one acre but no more than 60 acres; and
- d. limited to crops that AFSC has methodology to adjust.

**“Notice of Loss”** means a report provided by the Insured, on a form supplied by AFSC that contains information required by AFSC pertaining to the loss experienced by the Insured

**“Policy”** means the policy of insurance issued under the Contract comprised of the Statement of Coverage and Premium issued in any given Crop Year. A Policy issued under the Contract forms a part of the Contract.

**“Premium”** means the dollar amount required to be paid by the Insured as consideration for a specified time period and amount of Coverage under a Policy.

**“Prescribed Rate”** means the rate of interest which is the aggregate of two percent per year and the Canadian Imperial Bank of Commerce prime rate adjusted quarterly on the last day of September, December, March and June.

**“Regulation”** means the *Agriculture Financial Services Regulation*, Alta Reg. 99/2002, as amended.

**“Spot-Loss”** means losses eligible for Indemnity on the actual area of a crop damaged by a Designated Peril.

**“Statement of Coverage and Premium”** means the document issued by AFSC to the Insured outlining insurance Coverage that has been accepted by AFSC and the Premium owed by the client for Straight Hail Insurance.

**“Statement of Loss”** means the written notice given by AFSC to the Insured setting forth the loss and Indemnity as determined by AFSC.

**“Straight Hail Insurance”** means the insurance that is provided for under this Contract.

**“Viable Crop”** means a crop that, prior to damage caused by a Designated Peril, would have a value greater than the cost of Harvesting. There is no specific dollar level where a crop is considered a Viable Crop because the cost of Harvesting and crop value varies.

**“Volunteer Crop”** means any crop not intentionally sown in the spring or fall.

## ARTICLE 2. SPECIFICATIONS

Insurance Table					
Maximum Coverage per acre	Crops charged the basic rate	Crops charged ¾ times basic rate	Crops charged 1½ times basic rate	Crops charged 1¾ times basic rate	Crops charged 2 times basic rate
\$325 Dryland \$575 Irrigated  Buckwheat and Camelina are NOT eligible for irrigation coverage	Barley Canary Seed Cereal for Silage Cocktail Crop - Cereal Corn (grain/grazing) Flax Hemp Intercrop – Cereal Linola Millet Mixed Grain Oats Other Oilseeds Rye Safflower Spring Spelt Sunflower Sunola Sunwheat Triticale Wheat	Corn silage Export Timothy Hay Sorghum Silage Hay <ul style="list-style-type: none"> <li>Grass (1 cut)</li> <li>50% Legume (2 cut)</li> <li>50% Legume – Irrigated (3 cut)</li> </ul> Liability will be prorated on crops with more than on cutting  Pasture is NOT eligible for Hail Insurance	Alfalfa Seed Dry Beans – all varieties Brome Buckwheat Clover Cocktail Crop - Pulse Crested Wheat Grass Faba Beans Lentils Intercrop – Pulse Lupines Pulse for Silage Russian Wild Rye Soybeans  All other grass or legume crops grown for seed purposes	Camelina Cocktail Crop - Oilseed Intercrop – Oilseed Mustards – all varieties Oilseed for Silage Peas Green/Others & Yellow	
\$425 Dryland \$575 Irrigated			Chick Peas Canola		
\$2,525 Dryland \$2,900 Irrigated	Catnip - Mint	Sugar Beets (no deductible accepted)	Borage Caraway Coriander Dill Essential Oils Garlic Herbs & Spices Named Vegetables not specified elsewhere. i.e. Beets, Cabbage, Carrots, Cauliflower, Cucumber, Onion, Pumpkin, Squash, Sweet Corn, Turnips		Processing Crops – Beans, Carrots, Corn, Peas
\$3,725 Dryland \$4,150 Irrigated	Potatoes: Chip, Creamer, Fry, Seed, Table				
\$19,050			Market Garden Crops*		

Crops not noted on the above table require Insurance Exception Committee approval.

\* Market Garden Crops may be limited to those crop types for which AFSC has methodology to adjust. Contact AFSC to determine if your crop is eligible.

## **2.01 Insurance Amount and Coverage**

- a. The amount of insurance and limits of Coverage for each Insured Crop is shown on the Statement of Coverage and Premium. AFSC reserves the right to reject requests for changes to the Application after the Statement of Coverage and Premium is issued.
- b. The limit of insurance applying to each acre of Insured Crop will be reduced by the gross percentage of loss determined for each event of insured loss.
- c. If an Insured's seeded acres differ from reported acres, AFSC, in its discretion, may pro-rate losses in such a manner as AFSC deems appropriate.

## **2.02 Liability if More than One Person is the Insured**

- a. Any proceedings with one named Insured or the Insured's authorized representative will be binding on all other named Insureds, and any documents signed by the Insured's authorized representative will be binding upon the Insured.
- b. AFSC will adjust or appraise a loss with the Insured, any one named Insured if there are more than one Insured, or the Insured's authorized representative.

# **ARTICLE 3. EFFECTIVE DATE AND REQUIREMENTS/CONDITIONS OF INSURANCE**

## **3.01 Term of Insurance**

- a. This Contract is for one growing season, except when the Auto-Elect option is selected by the Insured.
- b. Insurance Coverage begins at 12:00 noon Mountain Daylight Savings Time on the effective date shown on the Statement of Coverage and Premium.
- c. Unless previously terminated in accordance with the provisions of this Contract, Coverage for each growing season will terminate on the date that is the earliest of:
  - i. when the acres of an Insured Crop have been Harvested;
  - ii. after the acres of an Insured Crop have been abandoned by the Insured because such acres have no Harvesting value; or
  - iii. 12:01 A.M. Mountain Standard Time on November 1.

## **3.02 Eligibility for Insurance**

- a. Only applicants having an ownership or crop-share interest in an Insurable Crop are eligible for Straight Hail Insurance.
- b. Applicants with an active AgrilInsurance Policy are required to use the same AFSC business identification number for Straight Hail Insurance.
- c. Only Insurable Crops are eligible for Straight Hail Insurance.
- d. Acres of a crop with previous hail damage are not eligible for Straight Hail Insurance.
- e. AFSC must receive the Application on or before July 31.

### 3.03 Auto-Elect

- a. When the Auto-Elect option is selected by the Insured, insurance remains in effect from year to year unless one of the following events occur:
  - i. Coverage is changed or cancelled by the Insured on or before April 30;
  - ii. Coverage is denied by AFSC due to outstanding indebtedness owing by the Insured to AFSC; or
  - iii. Coverage is denied by AFSC due to the Insured's failure to file a land report.
- b. For Auto-Elect, the Policy shall commence on May 1 and comes into effect on the date the Insured Crop emerges and is viable.

## ARTICLE 4. PREMIUM, DEDUCTIBLES, AND CANCELLATION

### 4.01 Premium

- a. **Minimum Premium:** There is a minimum \$25 of total Premium required per Application.
- b. **Discounts:** The Insured may qualify for Premium discounts as follows:

Auto-Elect Discount	2%	Applies to Coverage that is elected with an AgrilInsurance Policy. The deadline to elect auto-elect Straight Hail is April 30.
On-Line Purchase Discount	2%	Applies to Coverage where the Application for Straight Hail Insurance is completed online using AFSC's web-based platform.
Early Payment Discount	2%	Applied to Premium payments received by AFSC by the later of June 25 or within 15 days of the effective date of the Statement of Coverage and Premium.

- c. The Premium owing by the Insured for Straight Hail Insurance is due and owing upon the issuance of the Statement of Coverage and Premium.
- d. AFSC may charge the Insured additional surcharges, administration fees and penalties related to Straight Hail Insurance as calculated and determined by AFSC, and any such amounts are due and payable on the date assessed.



## 4.02 Deductibles

- a. The Insured may select among the following deductible levels as voluntary limits on Coverage to change the premium rate payable for Straight Hail Insurance.
- i. Full Coverage: If the Insured chooses Coverage based on no deductible, AFSC will only pay an Indemnity when the percentage of loss on an Insured Crop is equal to or exceeds ten percent.
    - 1) When the percentage of loss on an Insured Crop is equal to or exceeds ten percent, AFSC will pay the full percentage of loss.
    - 2) If the percentage of loss on an Insured Crop is calculated by AFSC to be equal to or in excess of 90 percent, the percentage of loss shall be deemed to be 100 percent.
  - ii. 10% Deductible: If the Insured chooses Coverage based upon a ten percent deductible, AFSC will only pay an Indemnity for the percentage of loss on an Insured Crop that exceeds ten percent.
    - 1) When the percentage of loss on an Insured Crop exceeds ten percent, AFSC will pay the full percentage of loss, less the ten percent deductible.
    - 2) The percentage payable may not exceed 90 percent.
  - iii. 25% Deductible: If the Insured chooses coverage based upon a 25 percent deductible, AFSC will only pay an Indemnity for the percentage of loss on an Insured Crop that exceeds 25 percent.
    - 1) When the percentage of loss on an Insured Crop exceeds 25 percent, AFSC will pay the full percentage of loss, less the 25 percent deductible.
    - 2) The percentage payable may not exceed 75 percent.
- b. The Basic Premium Rates and Deductibles table below shows the percent of Premium paid for each dollar of Coverage based on the individual township rate:

Basic Premium Rates and Deductibles		
Basic Premium Rate	10% Deductible Premium Rate	25% Deductible Premium Rate
3%	2.25%	1.5%
4%	3.0%	2.0%
5%	3.75%	2.5%
6%	4.5%	3.0%
7%	5.25%	3.5%
8%	6.0%	4.0%
9%	6.75%	4.5%
10%	7.5%	5.0%
11%	8.25%	5.5%
12%	9.0%	6.0%
13%	9.75%	6.5%
14%	10.5%	7.0%

### 4.03 Cancellation and Premium Refund

- a. Cancellation by Insured:
  - i. The Insured may cancel this Contract by giving AFSC written notice.
  - ii. The cancellation shall be effective immediately on the date of actual receipt of that notice by AFSC.
  - iii. There is no Premium refund for an Insured Crop if an Indemnity has been paid under this Contract for that Insured Crop.
  - iv. Provided no Indemnity has been paid under this Contract, the Premium refunded to the Insured shall be determined in accordance with the date of cancellation as shown in the following tables:
    - 1) Spring seeded crops:

Cancellation and Premium Refund Schedule for Spring Seeded Crops		
Date of Cancellation	Premium Earned	Premium Refund
Before July 1	25%	75%
July 1 - July 3	35%	65%
July 4 - July 6	45%	55%
July 7 - July 9	55%	45%
July 10 - July 12	65%	35%
July 13 - July 15	75%	25%
July 16 - July 19	80%	20%
July 20 - July 23	85%	15%
July 24 - July 27	90%	10%
July 28 - July 31	95%	5%
August 1 or later	100%	0%

- 2) Fall seeded crops: Includes fall seeded crops, forage crops grown for seed and forage crops (grasses and legumes). The cancellation dates are 14 days in advance of the dates set forth in the table for spring seeded crops.

Cancellation and Premium Refund Schedule for Fall Seeded Crops		
Date of Cancellation	Premium Earned	Premium Refund
Before June 16	25%	75%
June 16 – June 18	35%	65%
June 19 – June 21	45%	55%
June 22 – June 24	55%	45%
June 25 – June 27	65%	35%
June 28 – June 30	75%	25%
July 1 – July 4	80%	20%
July 5 – July 8	85%	15%
July 9 – July 12	90%	10%
July 13 – July 15	95%	5%
July 16 or later	100%	0%

- b. Cancellation by AFSC:
  - i. AFSC may cancel all or part of the Coverage provided by AFSC under this Contract at any time by notifying the Insured in writing at least five calendar days before the date cancellation takes effect.
  - ii. Notices of cancellation may be delivered or mailed to the Insured at the mailing address shown in the Application. Proof of mailing will be sufficient proof of the date notice was sent to the Insured.
  - iii. If AFSC cancels all or any part of this Contract, no part of the Premium for this Contract will be considered earned, except:
    - 1) If a covered loss occurs prior to the effective date of cancellation, then the Premium will be considered earned in the same ratio as the amount of loss paid bears to the insurance in force; and
    - 2) The entire Premium will be earned on Insured Crop Harvested prior to the effective date of cancellation.

## **ARTICLE 5. INDEMNITIES**

### **5.01 Insured Losses**

- a. AFSC will provide insurance to the Insured in accordance with the Statement of Coverage and Premium for losses suffered by the Insured to Insured Crops due to a Designated Peril.

### **5.02 Calculation of Indemnity and Harvesting Allowance**

- a. An Indemnity shall be calculated based on full dollar Coverage by Insured Crop as described on the Statement of Coverage and Premium.
- b. Harvesting Allowance:
  - i. If damage from the Designated Peril of Hail is calculated by AFSC to be in excess of 70 percent but less than or equal to 90 percent, an additional allowance shall be made. This allowance will be equal to the difference between the actual percent of damage and 70 percent to a maximum of ten percent.
  - ii. If damage from the Designated Peril of Hail is calculated by AFSC to be equal to or in excess of 90 percent, the damage shall be deemed and calculated by AFSC to be 100 percent.

### **5.03 Special Limitations to Indemnity Payable**

- a. Defoliation
  - i. Hail losses to certain crops may be effected by the amount of defoliation of the crop at the time of loss.
  - ii. Any loss caused by Hail may be subject to an adjustment based upon AFSC's defoliation tables that reflect the percentage loss based upon the percentage of damaged foliage.
- b. Hybrid Canola for Seed Production Coverage
  - i. AFSC will offer Straight Hail Insurance for hybrid canola for seed production on the actual acres seeded. In the event of damage by a Designated Peril, the Indemnity will be paid on the actual acres seeded and based on the percentage of loss AFSC determines on the female plants.

## 5.04 Assignment of Indemnity

- a. The Insured may assign all or a portion of any Indemnity payable to it, provided that:
  - i. the Insured has the legal authority to execute such an assignment;
  - ii. the assignment is made in writing in a form approved by AFSC;
  - iii. AFSC is in receipt of a copy of the assignment; and
  - iv. the assignment is accepted in writing by AFSC.
- b. Where the Insured has assigned the right to an Indemnity in accordance with this Contract, payment up to the amount stated in the assignment in the name of the assignee and will send such payment to the assignee, all without further notice to the Insured.

## ARTICLE 6. EXCLUSIONS AND LIMITATIONS

### 6.01 Loss Exclusions

- a. The following losses are explicitly excluded from Coverage under this Contract:
  - i. Loss that is not a Direct Loss.
  - ii. Loss from any event or peril that is not a Designated Peril, even though the loss may have occurred in conjunction with a Designated Peril.
  - iii. Loss of any portion of a crop recoverable by Harvesting equipment.
  - iv. Loss due to failure of the crop to mature.
  - v. Loss due to neglect or failure to Harvest mature crops.
  - vi. Loss suffered from consequential, special or indirect causes including, but not limited to, diseases, insect infestation, lodging and loss of markets.
  - vii. Loss caused by fire that is recoverable from other insurance.
  - viii. Loss to crops that AFSC considers to not be a Viable Crop.
  - ix. Loss to Volunteer Crops.
  - x. Loss from a Designated Peril after Harvesting.
  - xi. Loss to the interest of a seed company, person, firm or corporation if all or part of an Insurable Crop is being grown under contract to any such entity, unless such entity is listed as an Insured.
  - xii. Loss to crops that are damaged by a Designated Peril prior to AFSC issuing a Statement of Coverage and Premium to the Insured.
  - xiii. Loss on any crop abandoned by the Insured.

### 6.02 Limitations Due to Other Insurance Being Available

- a. If a loss caused by a Designated Peril is also covered by other crop hail insurance, then AFSC will pay only the proportion of the loss that AFSC's limit of insurance bears to the total amount of insurance, whether collectible or not, but no reinsured crop insurance will be prorated with this Contract.
- b. If a loss caused by a Designated Peril is also covered by insurance other than crop hail insurance, including but not limited to, farm property or liability insurance, then AFSC will pay only for the excess of such loss beyond the amount due from such other insurance, whether collectible or not, and not exceeding AFSC's limits of insurance under this Contract.

## 6.03 General Limitations of Liability, Representations and Warranties

- a. AFSC is not liable for any interest, loss or any type of damages resulting from any delays or failure to pay an Indemnity to the Insured.
- b. AFSC makes no representations to the Insured as to when an Indemnity payment can be expected or when it will be paid.

## ARTICLE 7. CLAIMS

### 7.01 Claim Deadlines and Notice of Loss

- a. The Insured is required to submit a Notice of Loss to initiate a claim, in a manner acceptable to AFSC, within 14 days after the day the Insured Crop was damaged by a Designated Peril.
- b. If the Insured is late in filing a Notice of Loss, AFSC may reject the claim.

**The Insured is expected to inspect damaged fields, identify damaged areas, and be able to take the AFSC claims adjuster directly to the damaged areas to assess the damage caused by the Designated Peril.**

### 7.02 Inspection Procedures

- a. The procedures set out in AFSC's adjusting procedure manuals shall be used in the assessment of insurable loss with respect to an Insured Crop.

**AFSC recommends the Insured or Authorized Representative accompany adjusters during on-farm inspections.**

### 7.03 Inspection Strips

- a. In the case of damage caused by Hail, where such damage occurs to either a standing crop or a crop cut for Harvest, provided a proper Notice of Loss is first given to AFSC by the Insured, if the crop is ready to Harvest, then Inspection Strips must be left as required by AFSC. Where the Insured has not left the required Inspection Strips, AFSC may deny or reduce the claim.
- b. Inspection Strips are to be left in from the edges of the field a distance of about one-third of the width of the field, for the length of the field and a minimum of ten feet in width, for inspection by AFSC.
  - i. On fields less than 100 acres, two strips are required.
  - ii. On fields of 100 acres or more, an additional strip must be left in the middle of the field.
  - iii. On fields of 100 acres or more that span multiple quarter sections, treat each quarter section as a separate field: for fields less than 100 acres, two strips are required; for fields greater than 100 acres three strips are required.

## 7.04 Statement of Loss and Inspection

- a. Upon receipt of a claim for loss:
  - i. following the inspection, AFSC will serve the Insured with a copy of the Inspection Report.
  - ii. where AFSC processes a claim, AFSC will serve the Insured with a Statement of Loss.
- b. Subject to subsection 7.06 (c), if the Inspection Report results in no payment, or, if as a result of the Inspection Report, the claim for loss is withdrawn by the Insured, the Inspection Report will be considered to be the final Statement of Loss for the claim for loss by the Insured and no further Statement of Loss will be issued by AFSC.
- c. If the Insured does not, within seven days of service of the Inspection Report, advise AFSC in writing of the Insured's disagreement or any dispute with the Inspection Report, then AFSC will issue the Statement of Loss according to the Inspection Report.
- d. All loss adjustments determined by AFSC's claims adjusting staff are subject to the approval of AFSC management.
- e. At times it may be necessary for AFSC to defer the adjustment of an Insured's claim until the actual loss can be determined. The Insured must continue to care for the damaged field containing the Insured Crop during this deferral period until the actual loss can be determined.

## 7.05 Inspection Fees

- a. If no part of the Insured Crop has sustained a loss of at least ten percent, the cost of any inspection may, at the discretion of AFSC, be charged to the Insured, and in that case:
  - i. the cost shall be added to any unpaid Premium owing by the Insured and become part of it; and
  - ii. AFSC has such a lien for the costs of the inspection as it has for unpaid Premium, even if the Insured is not indebted to AFSC for any unpaid Premium.

## 7.06 Re-Inspection

- a. The Insured has seven days from the date of service of the Inspection Report to:
  - i. notify AFSC in writing of the Insured's disagreement or any dispute it has with the Inspection Report; and
  - ii. request a re-inspection of the Insured Crop by AFSC.
- b. AFSC will only review its findings if the Insured notifies AFSC of its disagreement or any dispute with the Inspection Report in accordance with subsection 7.05 (a).
- c. AFSC reserves the right to charge a fee to the Insured for a re-inspection of crops requested pursuant to subsection 7.05 (a).
- d. If AFSC determines that correct adjusting procedures were not used to determine the loss or the Indemnity payable, then AFSC reserves the right to re-inspect the damaged field and/or revise and correct the amount of the Indemnity payable.

## 7.07 Duties of the Insured After a Loss

- a. The Insured must allow AFSC to inspect the damaged Insured Crop as often as AFSC reasonably requires. Refusal by the Insured to permit AFSC inspection of the damaged Insured Crop will forfeit all of the Insured's rights to recover for the alleged loss.
- b. The Insured must sign a withdrawal of claim when AFSC's inspection of the Insured Crop determines that there is no Indemnity payable under the terms of this Contract.

- c. If the Insured makes a claim against any other insurance arising from a Designated Peril for which a claim is made under this Contract, upon AFSC's request, the Insured must provide AFSC with all claims material relating to that other insurance.

## **7.08 Duties of AFSC After a Loss**

- a. AFSC endeavors to adjust claims made by the Insured in a timely manner.
- b. AFSC endeavors to pay any Indemnity to the Insured within a reasonable period of time.
- c. Where there is more than one Insured under a Contract, AFSC will pay any Indemnity:
  - i. to all of the Insured persons jointly; or with written confirmation of all Insured persons or interested parties, to any of them severally or separately, as the case may be; and
  - ii. in its discretion, AFSC may elect to pay any Indemnity to each Insured person in proportion to their respective interests as disclosed in the Application or, if their respective interests have not been so disclosed, to each Insured person in equal shares.

## **7.09 Subrogation Rights in Case of Loss by Fire**

- a. The Insured must do everything possible to preserve its rights to recover a loss caused by the Designated Peril of fire as against third parties.
- b. If AFSC indemnifies the Insured for loss caused by the Designated Peril of fire, then it is a condition of such indemnification that the right of recovery from any third party is subrogated by the Insured to AFSC. If AFSC recovers more from such a third party than the amount AFSC paid as an Indemnity to the Insured plus AFSC's expenses, then any excess will be paid to the Insured by AFSC.

# **ARTICLE 8. APPEALS**

## **8.01 Appeals**

- a. The Insured's right to appeal decisions made by AFSC pursuant to this Contract is subject to the Act and Regulation, and nothing in this section is to be construed as modifying or altering any appeal provision in the Act and Regulation.
- b. An action or proceeding against AFSC for the recovery of insurance money or for any other action relating to this Contract must be commenced no later than one year after the date of the decision being appealed. To appeal, the Insured must complete AFSC's Notice of Appeal document, which states the reasons for the appeal, and pay the applicable fee.
- c. The Insured may appeal any matter arising out of this Contract, other than a lack of compliance with subsection 7.06a).
- d. An Insured who receives an Indemnity is not precluded from filing a notice of appeal within the required one-year time limit.
- e. If an Indemnity in respect of the matter under appeal has already been paid, adjustments or revisions to the Indemnity will be made once the appeal has been concluded or withdrawn.
- f. The decision of the appeal committee is final.

## ARTICLE 9. MISREPRESENTATION OR MISCONDUCT

### 9.01 Misrepresentation or Misconduct

- a. If the Insured or the Insured's authorized representative has provided any fraudulent, false or misleading statement or information to AFSC, the Insured will not be entitled to any Indemnity for the crop year in which the fraudulent, false or misleading statement or information is provided.
- b. If AFSC determines that the Insured has engaged in farming practices, management procedures or operations which directly or indirectly contributed to a loss for which the Insured is claiming an Indemnity, AFSC, in its sole discretion, may:
  - i. reduce Coverage, or reject or cancel insurance for any time period as AFSC deems appropriate under this Contract; or
  - ii. reduce the amount of an Indemnity by the amount AFSC determines was caused by the said farming practices, management procedures or operations.
- c. If the loss or damage claimed by the Insured results from reasons stated in subsection (a) or (b) of this section, AFSC will not refund to the Insured any portion of the Premium that may have been paid, and the Insured is not relieved from paying any outstanding Premium or any amount due and payable to AFSC.

**Under the Act, it is an offence, punishable by a fine of \$10,000 and imprisonment for up to one year, if an Insured has furnished false information, made a false statement or has otherwise made a misleading statement by not providing complete information.**

## ARTICLE 10. INTEREST AND LIENS

### 10.01 Interest

- a. The Insured agrees to pay interest at the Prescribed Rate on unpaid Premium, surcharges, administration fees, penalties and other charges. Interest accrues from and including September 1 of the Contract year and will be payable by the Insured on the first day of each following month, until the total balance outstanding is paid.
- b. The Insured shall not be relieved of the obligation to pay the Premium by reason of paying or agreeing to pay only interest for a period of time.
- c. The Insured shall pay interest at the Prescribed Rate on amounts that AFSC has paid to the Insured to which the Insured was not entitled. Unless interest is waived in writing by AFSC, interest accrues from the date the Insured received the amounts to which the Insured was not entitled.

### 10.02 Liens

- a. From the date the Premium is due, AFSC has a statutory lien pursuant to the Act for:
  - i. unpaid Premiums;
  - ii. money AFSC has paid to the Insured to which the Insured was not entitled; and
  - iii. all expenses incurred by AFSC, including legal fees and disbursements on a solicitor–client basis.



## ARTICLE 11. RECORDS AND ACCESS

### 11.01 Records Generally

- a. The Insured shall keep and produce to AFSC immediately, upon demand, all of the Insured's Records for any year that the Insured has a Contract with AFSC. If the Insured has not been insured by AFSC for six consecutive prior fiscal years, all of the Insured's Records for each year that the Insured has a Contract of Insurance with AFSC, and for each prior consecutive fiscal year that the Insured has been insured by AFSC, shall be kept by the Insured.
- b. Without limiting the generality of the forgoing, AFSC shall have immediate access to all of the Insured's Records immediately upon demand made to the Insured by AFSC, and the Insured shall immediately upon such demand deliver all of the Insured's Records to AFSC.
- c. If any of the Insured's Records are in the possession of any other party, the Insured hereby consents to the immediate release of all of such records to AFSC, whether or not the Insured's Records contain the Insured's personal information or are otherwise subject to the provisions of any privacy legislation in Canada or elsewhere. Upon request or demand made to the Insured by AFSC, the Insured shall immediately direct any other party in possession of the Insured's Records to immediately deliver the Insured's Records to AFSC.
- d. At AFSC's request, the Insured shall submit to examination under oath and produce all documents that relate to the matters in question.

### 11.02 Access

- a. AFSC has an immediate right of entry to all lands owned or leased by the Insured, or otherwise under the direct or indirect control or direction of the Insured, sufficient in the discretion of AFSC to allow AFSC to survey, audit, inspect, estimate and examine the Insured Crop.
- b. The Insured agrees that AFSC and any person acting for AFSC may have access to the Insured's Records to which this Contract relates and for the purposes of determining any information required under this Contract.
- c. Upon AFSC's request for access to the Insured's Records, the Insured must produce the Insured's Records within a timeframe set out by AFSC.
- d. AFSC may at any time request that any person provide AFSC with records relating to this Contract, and the Insured, by entering into this Contract, is deemed to have authorized and consented to the release of the required information to AFSC.
  - i. If AFSC is unable to obtain records from parties other than the Insured, the Insured will take whatever steps are necessary to obtain the information and produce it to AFSC at the Insured's own cost.
- e. If the Insured fails to comply with any part of this section, AFSC may refuse to pay any Indemnity until the Insured has remedied the failure to comply.

## ARTICLE 12. GENERAL PROVISIONS

### 12.01 Service of Documents

- a. Service of the Inspection Report or a Statement of Loss may be effected on the Insured by:
  - i. personal service;
  - ii. ordinary mail or registered mail in which case, service is deemed to have been effected:
    - 1) seven days from the date of mailing if the document is mailed in Alberta to an address in Alberta, or
    - 2) 14 days from the date of mailing if the document is mailed to an address located outside of Alberta; or
  - iii. by facsimile, email or other electronic means in accordance with AFSC's most recent records for the Insured.
- b. Where there is more than one Insured person, service of the Inspection Report or Statement of Loss on any one of the Insureds is deemed to be service on all the Insureds.

### 12.02 Indebtedness to AFSC

- a. Any indebtedness due, or to become due, to AFSC by the Insured under this Contract, or any other debt the Insured may owe AFSC for any matter, may be deducted or set off by AFSC from an Indemnity otherwise payable to the Insured.
- b. If more than one person is the Insured, any obligations of the Insured shall be binding upon all such persons jointly and severally.

### 12.03 Waiver or Alteration

- a. No provision of this Contract is deemed to be waived or altered unless the waiver or alteration is expressed in writing in a form authorized by AFSC and signed by a duly authorized representative of AFSC. An approved waiver by AFSC only applies to the specific thing waived at the specific time and may not serve as a waiver of any breach of this Contract.
- b. Any amendments to this Contract must be in writing to be effective.
- c. The rights, remedies, and privileges of AFSC under this Contract are cumulative and any one or more may be exercised.

### 12.04 Changes to the Contract of Insurance

- a. AFSC reserves the right to add to or amend this Contract, to change the Insurable Crops, the Premium, the Coverage, the insured values, the contents of the Insurance Table, or any other provision of this Contract at any time before or during the term of this Contract.
- b. Any changes to this Contract and to anything else relating to this Contract are deemed to be in effect 15 days after the earlier of publication of the amended Contract on the AFSC public website or notice being given to the Insured.
- c. This Contract shall be subject to the provisions of the Act and Regulation and any amendments made to the Act or Regulation, except for the definition of a term where the Contract alters the definition of a term that is in the Act or Regulation.

## 12.05 Suits and Waiver

- a. In any action brought by AFSC to recover any amounts due under this Contract, the Insured waives, for good and valuable consideration, including any deferral of interest on unpaid Premiums owing until September 1 of the Contract year, all rights to assert, as a counterclaim, setoff or reimbursement, any claim which is barred by any provision of this Contract.

## 12.06 Conformity to Legislation

- a. If any terms of this Contract are in conflict with any legislation that applies to this Contract, this Contract shall be read in a manner that eliminates or minimizes that conflict and this Contract shall not be held to be invalid as a result.

## 12.07 Death of the Insured

- a. If the Insured dies, this Contract will continue in force for the benefit of the Insured's spouse or legal representative until it is terminated in accordance with its provisions.

### IN WITNESS WHEREOF

AFSC has signed this Contract of Insurance.

### AGRICULTURE FINANCIAL SERVICES CORPORATION

A handwritten signature in blue ink, appearing to read "Darryl Kay", is written over a horizontal line.

Per:

Darryl Kay, Chief Executive Officer